

Central Intelligence Agency



Washington, D.C. 20505

OLL 85-0518/2
22 MAR 1985

The Honorable F. James Sensenbrenner, Jr.
U.S. House of Representatives
120 Bishops Way, Room 154
Brookfield, WI 53005

Dear Mr. Sensenbrenner:

This will acknowledge receipt of your letter of 18 February, addressed to [redacted], enclosing a letter signed by several of your constituents, alleging that the firm of Bishop, Baldwin, Rewald, Dillingham & Wong was formed by Mr. Ronald R. Rewald at the "direction of and funded by the Central Intelligence Agency to carry on government intelligence work."

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The Agency has received so many inquiries concerning its alleged involvement in the Rewald case that the enclosed statement was prepared to respond to all such inquiries.

If you feel additional information is necessary, then I am required to respectfully refer you to the House Permanent Select Committee on Intelligence, in accordance with procedures established by the Congress.

Sincerely,

/s/Charles A. Briggs

Charles A. Briggs
Director, Office of Legislative Liaison

Enclosure

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LD/OLL [redacted] (20 March 1985)

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Ronald R. Rewald Case in Hawaii

Ronald Rewald is a businessman who operated an investment counseling or brokerage firm in Honolulu. That firm, Bishop, Baldwin, Rewald, Dillingham and Wong (BBRD&W), collapsed into involuntary bankruptcy on 4 August 1983 and Rewald is the subject of a state criminal action charging him with theft by deception and a 100-count federal indictment for fraud, perjury, and tax evasion. Moreover, the United States Securities and Exchange Commission (SEC) has brought a civil action for fraud alleging violations of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisors Act of 1940. As a result of the SEC action, the court ordered a preliminary injunction freezing the assets and records of BBRD&W and barred Rewald from the investment business and revoked his registration as an investment advisor.

Surrounding the case have been claims that the alleged misconduct of Rewald and BBRD&W was undertaken at the behest of the Central Intelligence Agency (CIA). On 20 September 1983, a CIA official filed an affidavit in the Rewald proceedings stating that "(1) the CIA did not cause Bishop, Baldwin, Rewald, Dillingham and Wong to be created nor has the Agency at any time owned, operated, controlled or invested in BBRD&W and (2) the CIA was not aware of and has had absolutely nothing to do with Ronald Rewald's alleged appropriation to himself of the funds of BBRD&W or its investors." While the CIA did request that certain documents in the BBRD&W files be placed under seal with the court pending further review, the court noted in its order that it had reviewed the documents and found that there was nothing in any of the documents which might indicate or possibly lead to the location of any assets of BBRD&W. Moreover, an investigation of the cause of the bankruptcy and the disposition of funds has been conducted by the federal trustee. A report filed with the federal court by the trustee, setting forth the derivation and disposition of BBRD&W funds, answers many of the uncertainties which might exist in the minds of investors.

It should also be noted that the Senate Select Committee on Intelligence (SSCI), the House Permanent Select Committee on Intelligence (HPSCI), and the President's Intelligence Oversight Board (IOB) have been fully briefed with respect to this matter. In this regard it is fully relevant to note the recent report of the HPSCI (HR 98-1196, January 2, 1985, page 14):

The Committee as a practice does not publicly comment on cases currently being tried, but the Rewald case in Hawaii requires some mention. The Committee can find no evidence that the CIA instructed Mr. Rewald to engage in the financial activity that has brought him before the bar of justice.

At the present time, the federal criminal prosecution of Rewald remains in the pretrial discovery phase; at a hearing on 15 March 1985, the trial judge established firm guidelines for the remaining discovery and set forth a procedure under which the defendant's discovery requests and the government's objections would be duly considered. While no trial date was set, a hearing was scheduled for 20 May 1985 at which time final decisions on the issues of materiality and admissibility would be rendered.